

LEGISLATIVE STATUS OF THE CIA RETIREMENT SYSTEM

1. Background. In the 1950's it had become clear that the Agency needed a program to minimize the adverse effects of managed attrition and to provide for the dignified retirement of employees no longer able to face the demands of rigorous, unusual, or semi-hazardous assignments. Similar problems were being handled by the Foreign Service and Federal agencies primarily concerned with the criminal laws of the United States through a program permitting a retirement annuity for employees who are separated before completing a full-term career of thirty or so years.

2. After thoroughly exploring the alternatives, the Agency recommended that it be permitted to adopt the Foreign Service retirement program. The Foreign Service program seemed admirably suited to the Agency's needs and its applicability was enhanced by the similarity of assignment and career patterns of the Agency employees involved.

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recommendation was cleared by the Bureau of the Budget and on 14 August 1962 was transmitted to the 87th Congress.

3. The proposed legislation authorized the Agency to adopt the Foreign Service retirement authority by incorporating it by reference into the CIA Act of 1949. The simplicity of this approach had the additional merit that the CIA program would always be in step with

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system. The House Armed Services Committee held hearings on 28 August 1962 and while finding no substantive fault with the Agency's proposal, recommended that the legislation be redrafted so that the retirement program would stand on its own without reference to other statutes or other retirement systems. A draft bill accomplishing this was not reported out by the Committee prior to the adjournment of the

87th Congress on 13 October 1962.

4. The Agency resubmitted its proposal to the 88th Congress, after once again obtaining clearance from the Bureau of the Budget. The proposal was based almost exclusively on the Foreign Service retirement system, and it passed the House with two amendments which were designed to assuage the concern of members of the Rules Committee and the House who desired a clearer definition of the type of employee to be covered by the system.

5. The bill was referred to the Senate Armed Services Committee on 31 October 1963, the day after it passed the House. Unlike the House, the Senate Committee did not hold hearings. Rather, one of the Committee's staff members was designated as the Agency's point of contact. Eventually, the Senate Committee changed the basis of the program from the Foreign Service system to the Civil Service retirement system. The Senate Committee also placed a limit on the number of retirements which could take place during the first ten years. The Senate Committee ordered the

amended bill favorably reported on 10 September and it was favorably reported on 24 September. The Senate approved the bill on 25 September 1964 and the House concurred on 1 October 1964, two days before the adjournment of the 88th Congress.

6. Updating the CIA Retirement Act. The CIA Retirement Act of 1964 for Certain Employees appears to be serving the best interest of the Agency, and the employees, annuitants and survivors it covers. However, in order to continue to do so, its viability primarily in the light of improvements made by other Federal staff retirement systems (notably Civil Service) must be maintained.

7. The House Armed Services Committee determination in 1962 that the Agency's retirement program should stand on its own without reference to other statutes or other retirement systems indicated that the Committee would take a continuing interest in amendments subsequently needed. This the Committee has done. The CIA Retirement Act was passed in the 88th Congress. In the 89th Congress the House Committee

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favorably reported amendments designed primarily to keep pace with improvements adopted by the 89th Congress for the Civil Service system. The bill passed the House but was not acted upon by the Senate Committee. A similar bill was introduced in the House in the 90th Congress. Ultimately, only one of the eight Retirement Act amendments in that bill was acted upon by the House Committee in deference to the Senate Committee's wish to act only on a change in the cost-of-living formula for adjusting annuities (approved for the Civil Service retirement system in 1965, and approved for the CIA retirement system in 1968 (P.L. 90-539)).

8. The Agency has assembled a legislative package proposing amendments to the CIA Retirement Act for possible submission to the 91st Congress. Most of the provisions in the package are carryovers of amendments submitted to the 89th and 90th Congresses. Those dealing with increased benefits seem to be fully justified for the CIA retirement system.

9. Further, if the Agency's retirement system is to remain viable, it must keep pace with current developments, such as the minimum guaranteed benefit proposal to assure payments at least at the Social Security level and the Daniels bill (H.R. 770, 91st Cong., 1st Sess.) which as H.R. 17682 passed the House during the 90th Congress with major liberalizing benefits for the Civil Service retirement system.

10. Courses of Action. It is quite possible that our success in obtaining favorable action on amendments to the CIA Retirement Act in the 91st Congress will exceed what we have experienced in the two previous Congresses. However, recognizing that retirement legislation is a dynamic field, it is possible that a change in legislative approach to the problem of keeping the CIA Retirement Act up-to-date would prove more efficient and effective both for our legislative committees and the CIA retirement system.

11. Many of the features of the CIA Retirement Act are based squarely on provisions of the Civil Service Retirement Act. In these

cases a change in the Civil Service Retirement Act has equal merit for the CIA Retirement Act. In connection with future changes in such relevant features of the Civil Service Retirement Act and as an alternative to the requirement for separate consideration of the same matter by our legislative committee, perhaps it would be feasible to arrange for the Post Office and Civil Service Committee to report out similar amendments to the CIA Retirement Act at the same time it reports relevant amendments to the Civil Service Retirement Act. This procedure could be used in connection with legislation like the Daniels bill. Conceivably, other amendments designed to update the CIA Retirement Act to provisions already existing in the Civil Service Act could also be handled at the same time. It is recognized that this procedure would involve the temporary transfer of an Agency program to the jurisdiction of another committee. However, a similar procedure was followed without any complications when the CIA Act of 1949 was amended by the Overseas Differentials and Allowances Act of 1960 which was considered and approved by the Civil Service and

12. An alternative to this approach would be an amendment by the Armed Services Committee which would permit the Director to adopt certain provisions of the Civil Service retirement system for the CIA retirement system. Should the Committee want to retain some control over changes adopted under this authority, the amendment could provide for Committee approval of the adopting regulations similar to the requirement in P.L. 88-643 for Committee approval of the regulations establishing the CIA retirement system.

13. A third approach would be an amendment by the Armed Services Committee to trigger an automatic amendment to the CIA Retirement Act whenever the benefits of the Civil Service Retirement Act are increased through legislation, similar to the method approved by the Armed Services Committee in tying military pay to any subsequent increase authorized civilian employees under the 1967 Salary Increase Act.

14. A fourth approach would be an amendment by the Armed Services Committee to permit the Director to adopt for the CIA retirement system such provisions for other Federal staff retirement systems which are authorized by law or regulations. This is similar to the provisions of P.L. 81-110, Sec. 8(a)(2).

15. Conclusion. While not exhaustive, all of these approaches suggest means for meeting the continuing problem of keeping the CIA Retirement Act up-to-date with the Civil Service retirement system on a current and efficient basis. Although the immediate problem is to catch up to and keep in pace with improvements in the Civil Service retirement system, some of the approaches would permit certain aspects

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the conceivable future need for the CIA Retirement Act to break ground where no precedent exists in either the Foreign Service or Civil Service retirement systems.

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